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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 31-80

WASHINGTON, Dec. 17--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

The EUROPEAN COMMUNITY (EC), a net grain importer for the past ten or so years, apparently will become a net exporter of grain in 1980/81 for the first time in its history, according to recent trade estimates. Excellent harvests this year, combined with shortfalls in many producing areas and recent lower subsidy costs, have placed the EC in an excellent export position. Abundant EC wheat and large supplies of non-grain feed ingredients are being used increasingly in feed rations reducing the need for coarse grain imports.

World BARLEY trade is expected to set a new record this year, despite tighter supplies (stocks plus production) in Canada, the United States, and Australia. For over a year, world barley prices have exceeded corn prices; feed barley is currently priced at nearly \$210 per ton, c.i.f. Rotterdam, compared with about \$186 per ton for corn.

Barley demand is likely to be particularly strong in the Soviet Union and several East European countries, but will also remain firm in traditional markets in Asia and the Middle East.

Canadian barley exports during 1980/81 (July/June) are projected at 3.3 million tons, about 20 percent below last year's level, mainly as a result of small domestic stocks. Stocks were drawn down during the 1979/80 season, when exports reached a near-record 4.1 million tons in spite of that year's poor crop outturn. Australian barley exports are also expected to be smaller this season, because of depleted stocks and this year's drought-reduced crop. Exports are estimated at 1.5 million tons, only half the 1979 level.

However, larger barley exports are forecast for the United States this year, although domestic supplies are lowest since 1976/77. Similarly, larger barley exports are expected for the European Community (EC) and other Western European countries, owing to bumper crops and favorable world prices. The EC has authorized barley exports of 1.7 million tons for 1980/81, with 1 million tons slated for Eastern Europe. This export volume, coupled with large domestic demand, is likely to draw down EC stocks by about 50 percent. Spain recently completed a 300,000-ton barley sale to the Soviet Union and further exports are expected.

MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

DAIRY LIVESTOCK, AND POULTRY

CANADA's Agricultural Minister introduced a Meat Import Act (Bill C-46) to the Canadian Parliament in late November that would set quotas on imports of fresh, frozen and chilled beef and veal based on 1971-75 averages. Quotas under the proposed bill would be adjusted to reflect changes in Canadian beef consumption and in the level of cows and heifers slaughtered. The legislation as proposed is based on much the same principle as the U.S. Meat Import Law in that it is designed to limit imports when domestic beef production is high and to increase imports when domestic production is low.

HORTICULTURAL AND TROPICAL PRODUCTS

Major TEA exporting countries met in Salisbury, Zimbabwe, in late November to review the world tea situation and to discuss the distribution of export quotas. No agreement was reached regarding quota distribution and it was recommended that the UNCTAD Intergovernmental Meeting on Tea scheduled for February 1981 be postponed until the fall of 1981. Exporters are scheduled to meet in June in preparation for this conference.

The EUROPEAN COMMUNITY's export subsidies on fruits were revised in early November by Regulation 2929/80. The changes were as follows in European Currency Units (equal to U.S. \$1.32):

	SUBSIDY	
	New	Old
Table Grapes: Extra Class	4.84	7.00
Class I		
Apples (other than cider): Extra Class	12.0	0
Class I		
Class II		
For export to Indonesia, Malaysia, Singapore, and Hong Kong.		
Peaches (excluding Pectorins): Extra Class	0	8.00
Class I		
Class II		

-more-

ARGENTINA's fruit crops sustained little damage as a result of the November frost. In the Rio Negro Valley, where 80 percent of the apples and pears are produced, damage was scattered and not as severe as reported earlier. In Mendoza, the apple crop, which normally accounts for about 15 percent of total output, escaped damage. However, frost damage to the stone fruit and grape crops in southern Mendoza was substantial, with grape output in the province expected to decline 30 percent--far less than the 60 to 70 percent loss previously estimated. Peach production in Buenos Aires province, which accounts for approximately 35 percent of total Argentine output, was not affected by the frost and is expected to offset any reduction in the Mendozan peach crop.

TOBACCO

QATAR will implement new regulations on Jan. 1, 1981 to restrict cigarette marketing. Using standards set by the Ninth Conference of Health Ministers of the Arab Gulf States, the government will ban cigarettes containing more than 15 milligrams tar and 1 milligram nicotine. Candy which is manufactured to appear like cigarettes or pipes will also be prohibited. The warning: "Smoking is a basic cause of lung cancer and other diseases of the heart and arteries," will be required on all tobacco products. U.S. cigarette exports to Qatar in 1979 totaled \$12.6 million.

In ITALY retail prices of cigarettes were raised an average of 17 percent in November by the Ministry of Finance. This followed a price increase last March of 25 percent for foreign cigarette brands.

The best selling Italian brand, MS, which previously sold for 600 lire (US\$.67) now sells at 700 lire (US\$.79). The Italian Tobacco Monopoly maintains a lower price for this cigarette in order to secure a larger market share and to stem illegal imports. MS, which contains U.S. leaf, comprised 60 percent of all cigarette sales in 1979.

Marlboro cigarettes, produced under license, are now priced at 1200 lire (US\$1.34), up from 1000 lire (US\$1.12).

Cigarette sales last year were up roughly 9 percent from the year before. Among all foreign brands, sales were up 31 percent with sales of low tar cigarettes up 41 percent.

NEW RELEASES OF FOREIGN AGRICULTURE CIRCULARS

Lower October Exports FC 24-80

1980/81 World Sugar and Molasses Prospects FS 4-80

U.S. Seed Exports, Quantity, Value, and Destination, July-October and October 1979/80 and 1980/81 Marketing Years FFVS 12-80

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INTERNATIONAL WEATHER AND CROP SUMMARY, Dec. 8-14

EUROPE--Precipitation slackened in most countries with storms limited to the northern and southeastern areas. Above-normal precipitation, mostly as rain, fell, along the north coast and into Poland, and in another band from Italy eastward through Romania. With all crops remaining dormant, the rainfall was of significance mostly in terms of the snow melt it caused. Temperatures in all countries were up from the preceding week, with a tendency for warmer than normal conditions in the north and colder than normal in the south. Only in southern Mediterranean and western coastal areas were temperatures warm enough to allow some growth of winter grains.

WESTERN USSR--Temperatures moderated somewhat in the west, but precipitation continued much above normal over most of the winter grain belt. Colder conditions in the North Caucasus forced grains into dormancy, but winter grains there had already put on sufficient growth due to substantially above-normal temperatures in November. On the other hand, colder than normal November weather in the Baltics left grains insufficiently developed and therefore more susceptible to winterkill in that minor growing area. With heavy rain in the south, and temperatures varying around freezing, the danger of damage from frost heaving continued. Rains melted some snowcover in the southwest, but snow depths increased in the northeastern Ukraine and lower Volga Valley. Additional snow will be needed to protect winter grains in these colder northeastern parts of the belt. Toward the weekend, temperatures in this area dipped low enough to raise concern about winterkill, but warmer conditions over the weekend averted the danger.

CHINA--Light precipitation fell in northeastern portions of the winter grain belt, but low temperatures kept the crop dormant. Conditions were warm enough for growth only in southern portions of the belt, in the Yangtze Valley, but above-normal November temperatures had allowed grains to put on good growth until late in the month. Soil moisture remained adequate from abundant October rainfall, and irrigation supplies also remained good.

INDIA--During November, abundant rains fell over the most intensively irrigated wheat areas, while other areas in Uttar Pradesh and Madhya Pradesh, where irrigation is not as widespread, received very little rainfall. Unirrigated fields in these areas have suffered from moisture deficiencies, but over-all, conditions remain favorable for winter grains. Normal weather continued in the south in a pattern similar to that of November.

NORTHWESTERN AFRICA--Northeastern Algeria and much of northern Tunisia continued to receive above-normal rainfall. Some of Tunisia's winter grain areas had only light rains, but soil moisture remained in good supply because of abundant November rainfall. Morocco experienced its fourth consecutive dry week. Surface soils are probably dry, but soil moisture should remain adequate in most grain areas. Dry conditions persisted in northwestern Algeria, where most winter grain fields should be subjected to at least moderate stress.

SOUTH AMERICA--Soybean planting also lagged behind schedule in southern Brazil due to persistent wet weather which has continued into December. Further north soybean plantings are nearly complete. Soil moisture conditions have improved in western Parana due to late November/early December rains. However, in Minas Gerais, extremely heavy rains in some minor crop areas for the past several weeks have caused some flooding. In Argentina, copious rainfall in northern crop areas interfered with the wheat harvest but provided good soil moisture for corn and soybean growth. Dry weather this past week in southern Buenos Aires aided ripening of wheat.

AUSTRALIA--The winter wheat harvest is nearly complete in northern crop areas, and yield reductions were caused by drought in Queensland, New South Wales, and West Australia. The harvest, which is well underway in southern areas, was interrupted temporarily over the weekend in the southeast as a frontal system produced 10 to 20 mm of rain.

SOUTH AFRICA--Only scattered afternoon showers occurred during the week leaving some western portions of the Maize Triangle relatively dry. Planting of corn had lagged behind schedule due to lack of sufficient rainfall in October and early November. Maize sowing progressed at a rapid pace after the onset of significant rainfall.

MEXICO--Rainfall has been quite variable across the citrus belt since early November, ranging from near normal in northern and southern sections to very light at Valles and Victoria. Sunny conditions benefited West Coast tomatoes and cucumbers; a few early fields are being harvested. The northwestern regional water supply is only two-thirds its normal level, as rains this fall have been very light over the watersheds.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain, soybeans, and tapioca, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	:		:		:
	: Dec. 16, 1980	: Change from	: A year		
		: previous week	: ago		
	\$ per m. ton	\$ per bu.	¢ per bu.		\$ per m. ton
Wheat					
Canadian No. 1 CWRS-12.5%.....	1/	1/	1/		1/
U.S. No. 2 DNS/NS: 14%.....	228.50	7/	6.22	7/	211.00
U.S. No. 2 DHW/HW: 13.5%.....	238.00		6.48		209.00
U.S. No. 2 S.R.W.....	225.00		6.12		195.00
U.S. No. 3 H.A.D.....	274.00	7/	7.46	7/	229.00
Canadian No. 1 A: Durum.....	1/	1/	1/		260.00
Feed grains:					
U.S. No. 3 Yellow Corn	178.00		4.52	-10	139.75
U.S. No. 2 Sorghum 2/.....	189.00		4.80	0	148.00
Feed barley 3/.....	1/	1/	1/		160.00
Soybeans:					
U.S. No. 2 Yellow.....	318.50		8.67	- .38	274.25
Argentine 4/.....	1/		1/	1/	1/
U.S. 44% Soybean Meal (M.F.)..	291.00		--	- 9.00	245.00
EC Import Levies					
Wheat 6/.....	61.85		1.68	-13	106.85
Barley.....	39.40		0.86	-12	95.75
Corn.....	77.15		1.96	-23	125.40
Sorghum.....	59.50		1.51	-8	113.10

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley.

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

7/ April-May delivery.

Note: Basis January delivery.

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